

The following management discussion and analysis (“MD&A”) of the financial position and results of operations for Buchans Minerals Corporation (the “Company” or “Buchans Minerals”) should be read in conjunction with the unaudited consolidated financial statements and the notes thereto for the quarter ended September 30, 2010 and the audited consolidated financial statements and the notes thereto for the year ended December 31, 2009. The information contained herein is stated as of November 9, 2010 and is subject to change after that date.

This discussion includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical fact, that address reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects, are forward-looking statements. Similarly, statements about the need for future financings are also forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration results, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

The consolidated financial statements of the Company have been prepared by management in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). The Company's financial statements are expressed in Canadian (“CDN”) dollars. All amounts in this report are in CDN dollars unless otherwise noted.

The common shares of the Company are listed and posted for trading on the TSX Venture Exchange under the symbol "BMC". The Company's head office is in Windsor, Nova Scotia, Canada. Additional information relating to the Company can be viewed on SEDAR at www.sedar.com.

Description of Business

The Company is a mineral exploration company engaged in the process of acquiring and exploring mineral properties. The Company has interests in properties located on the island of Newfoundland within the province of Newfoundland and Labrador, Canada and in the province of New Brunswick, Canada. The majority of the Company’s properties are currently at an exploration stage. The Lundberg property is in the early development stage. The Company has no producing properties, no operating income or cash flow and funds its operations through the proceeds from equity financings.

Results of Operations

The Company has a net loss for the third quarter of 2010 of \$242,524 compared to a net loss of \$91,510 in the same quarter of 2009. General and administrative expenses increased in 2010 to \$253,351 (2009 - \$156,255) primarily due to an increase in stock based compensation from the vesting of stock options during the quarter, additional travel costs, implementation of director fees for independent directors, and an increase in legal fees. Interest income in the quarter decreased substantially, to \$3,904 compared to \$64,745 for the same quarter in 2009. In 2009, the Company was receiving interest in relation to a loan with Acadian Mining Corporation at a rate of interest substantially in excess of bank rates. The loan was paid in full on November 25, 2009. Accordingly, interest income has decreased substantially due to the interest rate differential.

BUCHANS MINERALS CORPORATION (formerly Royal Roads Corp.)
MANAGEMENT DISCUSSION AND ANALYSIS
Form 51-102F1

For the period ended
September 30, 2010

Selected Financial Data

The following is selected quarterly information from the unaudited financial statements for each of the eight most recently completed quarters.

Quarter	Revenue	Net Income (Loss)	Income (Loss) per Share	Total Assets	Shareholder Equity
	\$	\$	\$	\$	\$
Q3/10	10,827	(242,524)	(0.002)	15,151,995	13,895,541
Q2/10	35,819	(545,787)	(0.005)	15,404,211	14,117,663
Q1/10	5,315	(309,356)	(0.003)	16,001,689	14,415,450
Q4/09	28,816	191,910	0.002	15,978,520	14,724,806
Q3/09	64,745	(91,510)	(0.001)	16,068,947	14,532,896
Q2/09	78,556	(87,634)	(0.001)	16,162,475	14,624,406
Q1/09	69,364	(105,051)	(0.001)	16,314,877	14,712,040
Q4/08	147,612	701,797	0.006	16,540,192	14,817,091

The break down of general and administrative expenses for the periods ended September 30, 2010 and 2009 is as follows:

	2010	2009
	\$	\$
Professional fees	64,098	19,867
Depreciation	3,230	2,508
Director fees	8,000	-
Office and general	21,514	30,711
Salaries and consulting fees	80,592	71,511
Rent	10,561	13,374
Travel and entertainment	14,603	2,344
Property investigation costs	-	-
Filing fees	2,302	599
Investor relations and information	9,299	7,124
Stock based compensation	20,402	-
Transfer agent fees	9,300	8,217
Interest and bank charges	200	-
Provincial capital taxes	6,000	-
Unrealized loss on marketable securities	3,250	-
Total	253,351	156,255

Liquidity and Cash Reserves

As at September 30, 2010, the Company had \$1,756,498 in cash and short term equivalents compared to \$3,233,380 at the beginning of the year. The use of cash of \$1,476,882 year-to-date was attributable to operations in the amount of \$775,772, expenditures on mineral properties of \$850,600 offset by government grants of \$199,047, and the purchase of capital assets of \$49,557.

On October 15, 2010, the Company issued 12,500,000 Units at \$0.08 per Unit for cash of \$1,000,000. Each Unit consists of one flow through share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.12 until October 15, 2011 and at a price of \$0.15 until their expiry on October 15, 2012. The Company paid a cash finders' fee of \$54,000 in connection with certain subscriptions and issued 787,500 non-transferable Finders Warrants, each exercisable into one common share of the Company at a price of \$0.12 until October 15, 2011 and at a price of \$0.15 until their expiry on October 15, 2012. The Company will use the proceeds of

the offering to fund mineral exploration expenses on its Long Range and Buchans North properties which are held by the Company's wholly owned subsidiary, Buchans River Ltd. Management has estimated that the Company will have adequate funds from existing working capital to meet its corporate, administrative and property obligations for the next 12 months. If the Company is to advance or develop its mineral properties further, it may be necessary to obtain additional financing. While the Company has been successful in the past, there can be no assurance that it will be able to do so in the future.

Property Expenditures

During the nine months ended September 30, 2010, claim costs of \$39,465 (2009 - \$Nil) and expenditures of \$612,088 (2009 - \$473,122) relating directly to the ongoing exploration of the Company's mineral claims were capitalized. The breakdown of the expenditures by category on these properties is as follows:

Nine months ended September 30, 2010	Tulks North \$	Buchans \$	Long Range \$	Woodstock \$	Total \$
Assays & analyses	-	7,037	18,198	-	25,235
Drilling	-	164,448	83,087	-	247,535
Geology (includes wages)	-	219,258	137,858	25,383	382,599
Geophysics surveys & mapping	-	39,640	380,903	-	420,543
Metallurgy	-	37,108	-	-	37,108
Trenching	-	100	16,276	-	16,276
Government assistance	-	(199,047)	-	-	(199,047)
Joint venture partner contribution	-	-	(318,161)	-	(318,161)
Total	-	268,544	318,161	25,383	612,088

Nine months ended September 30, 2009	Tulks North \$	Buchans \$	Long Range \$	Total \$
Assays & analyses	-	4,775	9,686	14,461
Drilling	-	120,138	-	120,138
Geology (includes wages)	13,055	212,168	48,327	273,550
Geophysics surveys & mapping	-	13,780	51,193	64,973
Total	13,055	350,861	109,206	473,122

Mineral Resource Properties

The Company is focused on exploration and development of its manganese properties near Woodstock, New Brunswick and its base metal properties and deposits located around the famous Buchans mining camp in central Newfoundland.

The Buchans mine was one of Canada's richest base metal mines which produced 16.2 million tonnes between 1928 and 1984, grading 14.51% zinc, 1.33% copper, 7.56% lead, 126 g/t silver and 1.37g/t gold. Buchans Minerals has three main properties in and around the Buchans area that contain numerous exploration prospects. These properties are the 100% owned Buchans property (which contains the Lundberg deposit), the 100% owned Tulks North property (which contains the Daniels Pond deposit) and the 50% joint ventured Long Range nickel property. The NI 43-101 compliant Lundberg deposit is entering the early stages of development. This development will be comprised initially of open pit mine planning and metallurgical testing to determine if the Company should proceed with completing an NI 43-101 compliant preliminary economic assessment.

The Woodstock manganese properties are located near the town of Woodstock in western New Brunswick and were acquired on the basis of historical work outlining a significant target resource, detailed metallurgical test work and an optimistic outlook for the future of the manganese market.

Resource Development

The Company currently has two NI 43-101 compliant base metal deposits in and around Buchans: the Lundberg deposit (Inferred Resource Estimate) located at the heart of the former Buchans mine, and the Daniels Pond deposit (Indicated and Inferred Resource Estimates) located south of Buchans (about 90 km by road) on the other side of Red Indian Lake. Buchans Minerals believes the Lundberg resource has potential to become an operating open pit mine and is entering an early development phase with the initiation of bench scale metallurgical tests and open pit mine designs. Both the metallurgical tests and open pit mine designs are anticipated to be completed in the fourth quarter (2010). Depending on the outcome of these tests, the Company may consider initiating a NI 43-101 compliant “Preliminary Economic Assessment”. In addition, the Company has initiated a search for a joint venture partner to continue development of the Lundberg and Daniel’s Pond resources.

Lundberg Deposit

In 2008, the Company researched archive files from the former Buchans Mine, identifying a zone of base metal stockwork mineralization peripheral to the former Lucky Strike mine and underlying portions of the former mine infrastructure just west of the town of Buchans. This mineralization was subsequently named the Lundberg and Engine House zones and was the subject of a drill program that resulted in the definition of an NI-43-101 compliant Inferred resource. The two resource thresholds that are currently being evaluated for the open pit mine plans are identified in the tables below:

Table 1. Lundberg Inferred Resource Estimate

Threshold	Tonnes	Zn %	Pb %	Cu %	Combined Cu Pb Zn %	Ag g/t	Au g/t
1.00% Zn+Pb+Cu	20,700,000	1.68	0.72	0.38	2.78	5.92	0.07
1.50% Zn	9,300,000	2.46	1.03	0.43	3.92	8.26	0.10

Table 2. Engine House Inferred Resource Estimate

Threshold	Tonnes	Zn %	Pb %	Cu %	Combined Cu Pb Zn %	Ag g/t	Au g/t
1.00% Zn+Pb+Cu	1,120,000	2.04	0.85	0.82	3.71	9.79	0.12
1.50% Zn	600,000	2.89	1.1	1.05	5.04	12.17	0.16

Daniels Pond Deposit

Daniels Pond is a volcanogenic massive sulphide (“VMS”) deposit located on the Company’s Tulks North property south of Red Indian Lake (about 90 km by road from the Lundberg deposit). Daniels Pond hosts a NI-43-101 compliant Indicated Resource at a 1.5% Zn cut-off of 1.16 million tonnes grading 4.44% zinc, 2.12% lead, 0.31% copper, 87.79 g/t silver and 0.60 g/t gold, as well as an Inferred resource totaling 0.45 million tonnes grading 3.88% Zn, 1.74% Pb, 0.27% Cu, 81.63 g/t Ag and 0.52 g/t Au. The bulk of these resources occur within 150 metres of surface in two lobes of mineralization. Should a future preliminary economic assessment on the Lundberg deposit indicate that it could be developed into an operating mine, Daniels Pond will be evaluated in greater detail at that time for possible satellite mine development.

Table 3. Daniels Pond Deposit Mineral Resource Estimate

Category	Cut-off (Zn %)	Tonnes	Combined Zn%+Pb% +Cu%	Zn %	Pb %	Cu %	Ag g/t	Au g/t
Indicated	1.5	1,162,000	6.88	4.44	2.12	0.31	87.79	0.60
	2.0	929,000	7.98	5.13	2.50	0.34	101.40	0.63
	2.5	787,000	8.79	5.65	2.77	0.37	111.03	0.68
Inferred	1.5	445,000	5.89	3.88	1.74	0.27	81.63	0.52
	2.0	332,000	7.04	4.61	2.13	0.30	85.86	0.53
	2.5	236,000	8.70	5.59	2.79	0.32	112.31	0.55

Woodstock Manganese Deposits

The Company acquired the Woodstock property in August of 2010, comprised of 3,700 hectares (37 km²) in three separate claim blocks. The property is reported to host three zones of sediment-hosted-manganese and iron mineralization, which together potentially represent the largest undeveloped manganese resource in North America. Previous operators, Strategic Manganese Corporation (a subsidiary of Strategic Metals Corporation), in 1957 estimated a non-43-101 compliant, historic, uncategorized resource estimate for the Plymouth deposit of 51.2 million tons (46.5 million tonnes) averaging 10.9% Mn (manganese) and 13.3% Fe (iron) and 50 million tons (45 million tonnes) for each of the East and West Hartford deposits averaging 8.0% Mn and 12% Fe.

In addition to the project's significant resources potential, acquisition of the property was also driven by the Company's review of past metallurgical test work completed in 1987 by Witteck Development Inc. ("Witteck") of Mississauga Ontario, funded by the Canada-New Brunswick Mineral Development Agreement. Witteck evaluated ten processing techniques designed to produce electrolytic manganese metal or high purity manganese precipitate, of which they identified two with positive operating margins that may have been potentially economic in 1987. The information was reviewed by Buchans Minerals who, in August of 2010, engaged Wardrop Engineering Inc. ("Wardrop") of Toronto, Ontario to review and update the two processes with positive operating margins as presented by Witteck using current cost and market data. Following this evaluation Wardrop concluded that in today's market conditions and given larger tonnage through-puts, both of these flow-sheets are potentially economic; and that with the application of more modern metallurgical processes, Wardrop expects to achieve much improved process recoveries and concentrate grades, which may lead to improved project economics. It is however important to note that the foregoing comments are not intended to imply any certainty that current economic viability has been established.

Looking ahead, the Company has developed a preliminary budget for continuing development of the property and is currently seeking a joint venture partner.

Exploration Projects

The Company has a number of exploration prospects that are a mix of more advanced and early stage exploration prospects. Within the Buchans property there are a number of prospects of merit that include two of particular note, Buchans North and Clementine West. Both prospects are considered excellent prospects for discovery of high-grade Buchans style mineralization, In addition, the Company is contributing to a 50/50 joint venture with Benton Resources where together, the companies continue to explore the Long Range nickel joint venture property. The Long Range property represents a virtually unexplored region of central Newfoundland where exploration by the companies over the past two years have yielded results considered encouraging for the discovery of Voisey's Bay-style nickel sulphide

mineralization. The Tulks North property, which hosts the Daniels Pond deposit, is located in a prolific geologic region known to host several VMS deposits (Bobby's Pond, Boomerang, Hurricane, Duck Pond, Tulks Hill) and as a result of limited past exploration, is considered to host significant exploration potential for the discovery of additional VMS base metal deposits.

Buchans North (located within Buchans property)

The 100% owned Buchans North prospect, also located within the Buchans property, was discovered by the previous mine operator, Asarco, in the early 1950s, approximately 500 metres northwest of the former Oriental Mine, where Asarco mined 3.3 million tonnes averaging 14.18% Zn, 7.90% lead, 1.47% copper, 154.0 g/t silver and 1.96 g/t gold between 1935 and 1983. The prospect was last drilled in 1967, and occurs approximately 290 metres below surface within a less explored, fault repeat of the same horizon that hosts the Oriental mine. Interpretation of previous drilling suggests the Buchans North horizon may still be open in several directions and further exploration may track mineralization into less explored areas where additional sizeable deposits similar to Oriental may yet be discovered. The Company completed a two-hole diamond drill program in late 2009 designed to assess the prospect's continuity and extents. The first hole, H-3415, intersected massive sulphides assaying 15.50% copper, 1.85% lead, 5.80% zinc, 214.8 g/t silver and 2.92 g/t gold over 0.30 metres, and the second hole, H-3416, intersected massive sulphides averaging 15.52% zinc, 7.61% lead, 0.92% copper, 148.9 g/t silver and 1.15 g/t gold over 2.1 metres. A further drill program comprising approximately 2,100 meters is planned to commence in early November 2010 to further test the potential extensions of previously identified mineralization.

Long Range

The Long Range property, located 65 kilometres southwest of Buchans, covers 381,500 hectares (381.5 km²) and is held as a 50/50 joint venture between Buchans Minerals and Benton Resources ("the Companies"), with Buchans Minerals as the operator. Exploration at Long Range was originally focused on the discovery of magmatic nickel sulphide deposits broadly analogous to Vale Inco's Voisey's Bay mine; however, the discovery of the Portage prospect has highlighted additional potential for bulk tonnage nickel-copper mineralization analogous to Lundin's Aguablanca mine in Spain. In addition the Companies have identified an area in the southwest of the claim group which they consider to be highly prospective for volcanic massive sulphide mineralization.

Exploration surveys are ongoing at the Portage prospect area. This work includes additional ground geophysics as well as soils geochemical surveys designed to identify and prioritize additional trenching and or drilling targets for near surface low-grade bulk-tonnage mineralization. These results are expected to be received in early November and will be evaluated for possible follow-up trenching and drilling to help determine the full extent of the mineralization discovered to date.

Results of a 1,400 line kilometre airborne survey aimed at identifying targets for magmatic nickel sulphide deposits over the joint ventures' expanded land position (claims staked in the fall of 2009 and winter of 2010, essentially doubling the Joint Venture's land position) were received in July and are currently the subject of ongoing follow-up work consisting of prospecting and reconnaissance soil sampling. This work started in August and is expected to be concluded by the end of November.

Clementine West (located within Buchans claim group)

Located within the Company's 100% owned Buchans property, the Clementine West prospect hosts stringer-stockwork mineralization intercepts measuring up to 121 metres in length. This mineralization is similar to that observed beneath the former, high-grade massive sulphide Lucky Strike mine, where historic mining by Asarco produced 5.6 million tonnes averaging 18.4% zinc, 8.6% lead, 1.6% copper, 112 g/t silver and 1.7 g/t gold. Results obtained from drilling completed by the Company in 2008 and 2010 suggest the mineralization found to date may be indicative of a large, as yet undiscovered accumulations of massive

sulphides analogous to those previously mined in Buchans. The prospect remains essentially unexplored at depths below 200 metres along its minimum 1.5 km length. The Company is seeking a joint venture partner to further develop the project.

Tulks North

The 100% owned Tulks North property covers 16,075 hectares (approximately 32 km x 5 km) situated within the Victoria Lake mining camp, located south of Red Indian Lake in central Newfoundland. The property is considered highly prospective, being located within the northern half of the Tulks Volcanic belt, the same belt of rocks that hosts Messina Minerals' Boomerang, Hurricane and Tulks East base metal deposits, as well as the Tulks Hill deposit jointly owned by Buchans Minerals (49%) and joint venture partner Prominex Resources (51%). The Company's Daniels Pond deposit is located within the Tulks North property, less than 10 kilometres southwest of Mountain Lake Resources' Bobby's Pond base metal deposit and less than 30 kilometres west of Teck Resources' operating Duck Pond mine. In addition to the Daniels Pond deposit, the property is host to a number of prospective targets which have been identified and evaluated through limited exploration completed to date. The Company has completed a digital compilation of historic work completed on the property and considering the number of VMS base metal deposits within the area, may seek a joint venture partner in the future to advance exploration of this under-explored property.

Future Plans

Metallurgical bench-scale test work and open pit mine planning is ongoing on the Lundberg deposit and will provide information necessary to consider whether or not to proceed with a preliminary economic assessment of the Lundberg deposit. On the exploration side, the Company will initiate a 2,100 metre drill program on the Buchans North prospect to explore for extensions to this high-grade massive sulphide prospect. In addition, the Company will continue exploration on the Long Range joint venture for the remainder of the fourth quarter to identify the potential expansion and scale of the Portage prospect and complete prospecting of airborne anomalies identified by airborne geophysical surveys throughout the property. Following acquisition of the Woodstock manganese properties the Company is currently engaged in compilation activities (reviewing previous work), has proposed a preliminary budget to continue developing the property and is currently seeking a joint venture partner.

Qualified Persons

Paul Moore, M.Sc., P.Geo., Vice President of Exploration of Buchans Minerals, is a Qualified Person as defined in National Instrument 43-101 and has reviewed the foregoing technical information in this document.

Stock Options and Warrants

During the quarter there were 1,150,000 options issued and no warrants issued. On October 15, 2010 the Company completed a non-brokered financing pursuant to which 7,037,500 warrants were issued (see "Liquidity and Cash Reserves").

Stock-based compensation relates to the fair value of stock options granted to directors, officers, employees and consultants calculated at the date of the grant and expensed over the vesting period of the option. The fair value is determined using the Black-Scholes option-pricing model which takes into account the risk free interest rate, the expected life of the options, the expected volatility and expectation of dividends being paid during the life of the options.

Outstanding Share Data

The share capital of the Company consists of an unlimited number of common shares, without nominal or par value and an unlimited number of preferred shares, without nominal or par value of which 124,627,490 (December 31, 2009 - 112,127,490) common shares were issued and outstanding as at the date of this report and no preferred shares were issued and outstanding.

As at the date of this report, the Company had 7,037,500 warrants outstanding (2009 – 12,118,500) at a weighted average exercise price of \$0.12 and 8,838,000 options outstanding (2009 - 7,725,500) at a weighted average exercise price of \$0.15.

Related Party Transactions

Previously, the Company shared certain employment, rent and office costs with Acadian, a company which owned 29.18% of the Company up to April 30, 2010. During the quarter, \$15,000 was charged by Acadian as office overhead costs and charged to loss for the period. The services provided by Acadian were completed effective July 31, 2010. The amount payable to Acadian at September 30, 2010 is \$Nil.

The Company rents its head office from an officer and director effective May 1, 2010. During the quarter, the Company paid or accrued \$3,600 (2009 - \$Nil) in rent to the officer and director, which was charged to loss for the period.

During the quarter, the Company paid \$98,237 in salaries to directors and officers and an immediate family member of a director, of which \$66,987 was charged to loss for the period and \$31,250 was charged to mineral resource properties.

During the quarter, the Company paid or accrued \$8,000 (2009 - \$Nil) in director fees to non-management directors of the Company which was charged to loss for the period.

During the quarter, the Company paid or accrued \$7,750 (2009 - \$Nil) in consulting fees to a director of the Company, which was charged to loss for the period.

Included in accounts payable and accrued liabilities are amounts owing to related parties of \$13,407 (2009 - receivable from Acadian Mining of \$2,583,566). Included in prepaid expenses is an amount of \$3,600 (2009 - \$Nil) representing a retainer on a services contract with an officer of the Company.

The above transactions were in the normal course of operations and were measured at the exchange amount, which are the amounts agreed to by the related parties.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, deposits and accounts payable and accrued liabilities. As at September 30, 2010, there were no significant differences between the carrying amounts of these financial instruments as reported on the balance sheets and their estimated fair values. Management does not believe that the Company is exposed to significant interest risk.

The Company's financial instruments that are exposed to a credit risk consist of cash and cash equivalents and accounts receivable. The Company holds its cash in low-risk, secure, Canadian dollar investments with Canadian chartered banks and investment firms and the risk of default is considered to be remote. Accounts receivable consists of Harmonized Sales Tax recoverable and is subject to a maximum credit risk of the value of the refunds should an audit result in complete denial of amounts claimed.

Contractual Obligations

At the end of the quarter there were no material contractual obligations outstanding.

Off-balance Sheet Obligations

At the quarter end the Company had no off-balance sheet obligations.

Critical Accounting Estimates

Significant accounting policies used by the Company are disclosed in Note 2 of the audited consolidated financial statements dated December 31, 2009. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimate amounts that differ materially from current estimates.

Changes in accounting policies

Changes in accounting policies for the period are disclosed in Note 3 to the financial statements.

Accounting pronouncements applicable to future periods

International Financial Reporting Standards

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards (“IFRS”) for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The standard also requires that the comparative figures for 2010 be based on IFRS.

The Company is implementing a four stage conversion process for IFRS. Phase 1 – preliminary plan and scoping, Phase 2 – detailed assessment, conversion planning and development, Phase 3 – Implementation and parallel reporting and Phase 4 – ongoing monitoring and IFRS updates. As of September 30, 2010 the Company is finalizing Phase 2 which includes an impact assessment and gap analysis, drafting IFRS policies, planning and tracking a conversion approach and application of IFRS 1 “First Time Adoption of International Financial Reporting Standards”.

The Company has identified the areas in which there is potential for significant impact and/or which require accounting policy decisions. These areas are:

- IFRS 1 – First Time Adoption of International Financial Standards requires that an entity apply all standards effective at the end of its first reporting period retrospectively, and provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions in certain areas. The Company has analyzed the various exemptions available and will elect those determined to be most appropriate. The IFRS 1 exemptions that are the most significant to the Company are noted against each specific area identified below.
- Property, Plant & Equipment –Under IFRS 1 exemptions, adoption of IAS 16 “*Property, Plant and Equipment*” would require the Company to restate all property, plant and equipment balances from the date of acquisition until the transition date to IFRS of January 1, 2010. The applicable IFRS 1 election allows the Company to report property, plant and equipment in its opening balance sheet on the transition date at a deemed cost instead of actual cost. The exemption can be applied on an asset-by-asset basis. The Company will utilize this exemption. The Company will not componentize specific assets as its capital assets are not material.

- Stock based compensation - is largely consistent with Canadian GAAP and requires estimates of the fair value of stock options to be made at the date of the grant and recognition of the related expense in income as the options vest. For stock options that vest in installments, IFRS 2 requires the Company to determine the fair value of each installment as a separate share option grant. Currently the Company records forfeitures as they occur, however under IFRS, the Company is required to make an estimate of the forfeiture rates for the use in determination of the total share based compensation expense. The Company is assessing the impact of this difference on its financial statements. The use of the Black- Scholes model is an acceptable method to estimate the fair value of the options at the date of grant, and is consistent with the Company's current practice.
- Financial Statement Disclosure - there are generally more extensive presentation and disclosure requirements under IFRS compared to Canadian GAAP.
- Extractive Activities Project – the IASB currently has an Extractive Activities project underway to develop accounting standards for extractive activities. A discussion paper was released in April 2010. Any changes to IFRS as a result of the project will not be effective until after the Company implements IFRS in 2011. Therefore the Company's accounting policies specific to mining and related activities may be impacted once final IFRS are released on this topic, subsequent to IFRS adoption. The Company will continue to monitor developments in this project.

The third phase will be implementation where the Company will finalize IFRS policies while revising accounting and business processes, create financial statement templates, consider tax implications, revise internal controls over financial reporting if required and calculate an opening balance sheet for January 1, 2010. The Company will move into phase 3 during the fourth quarter. The fourth phase will be post implementation when the Company will be fully IFRS compliant reporting and will involve ongoing education and training planning with continuous monitoring of changes in IFRS.

Additional Information

The financial statements and additional information regarding the Company, including the Company's certificates of annual and interim filings, news releases and technical reports referred to herein, are available on SEDAR at www.sedar.com.